

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

S

W-02109A  
Signal Peak Water Company, Inc.  
PO Box 9602  
Chandler Heights, AZ 85227

RECEIVED

APR 13 2007

AZ CORP COMM  
Director Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

4-16-07RF

SCANNED

### COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Signal Peak Water Co.</u>			
<b>Mailing Address</b> <u>P.O. Box 9602</u>			
<u>Chandler</u> (City)	<u>Heights</u> (Street)	<u>AZ</u> (State)	<u>85227</u> (Zip)
<u>480-988-1401</u> Telephone No. (Include Area Code)		<u>480-988-1378</u> Fax No. (Include Area Code)	
<u>480-988-1401</u> Pager/Cell No. (Include Area Code)			
<b>Email Address</b> <u>dougadcox@aol.com</u>			
<b>Local Office Mailing Address</b> <u>P.O. Box 9602</u>			
<u>Chandler</u> (City)	<u>Heights</u> (Street)	<u>AZ</u> (State)	<u>85227</u> (Zip)
<u>480-988-1401</u> Local Office Telephone No. (Include Area Code)		<u>480-988-1378</u> Fax No. (Include Area Code)	
<u>480-988-1401</u> Pager/Cell No. (Include Area Code)			
<b>Email Address</b> _____			

### MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>J. Douglas Adcox</u>			
<u>P.O. Box 9602</u> (Street)		<u>Chandler Heights</u> (City)	<u>AZ 85227</u> (State) (Zip)
<u>480-988-1401</u> Telephone No. (Include Area Code)		<u>480-988-1378</u> Fax No. (Include Area Code)	
<u>480-988-1401</u> Pager/Cell No. (Include Area Code)			
<b>Email Address</b> <u>dougadcox@aol.com</u>			
<b>On Site Manager:</b> <u>Same as above</u>			
<u>Same as above</u> (Street)		<u>Same as above</u> (City)	<u>Same as above</u> (State) (Zip)
<u>Same as above</u> Telephone No. (Include Area Code)		<u>Same as above</u> Fax No. (Include Area Code)	
<u>Same as above</u> Pager/Cell No. (Include Area Code)			
<b>Email Address</b> _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** J. Douglas Adcox  
 (Name)  
P.O. Box 9602 Chandler Heights AZ 85227  
 (Street) (City) (State) (Zip)  
480-988-1401 480-988-1378  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)  
**Attorney:** \_\_\_\_\_  
 (Name)  
 \_\_\_\_\_  
 (Street) (City) (State) (Zip)  
 \_\_\_\_\_  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input checked="" type="checkbox"/> Subchapter S Corporation (Z)          |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |   |
|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO         |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE         |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE           |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA             |
| <input type="checkbox"/> STATEWIDE  |                                   |   |

COMPANY NAME

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	105,906	18,696	87,210
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	105,906	18,696	87,210

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs	105,906		18,694
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	105,906		18,694

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

COMPANY NAME Signal Peak Water Co.

**BALANCE SHEET**

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 3,384.	\$ 2,789.
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	670.	5,324.
146	Notes/Receivables from Associated Companies		5,500.
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 4,054.	\$ 13,613.
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 105,906.	\$ 111,906.
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	18,696.	22,394.
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 87,210.	\$ 89,512.
	<b>TOTAL ASSETS</b>	\$ 91,264.	\$ 103,125.

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Signal Peak Water Co.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$ 6,919.
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	935.	772.
236	Accrued Taxes	879.	2,436.
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 1,814.	\$ 10,127.
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$	\$
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 50,000.	\$ 50,000.
211	Paid in Capital in Excess of Par Value	135,365	141,365.
215	Retained Earnings	- 93,417	- 96,806.
218	Proprietary Capital (Sole Props and Partnerships)		- 1561.
	<b>TOTAL CAPITAL</b>	\$ 89,450.	\$ 92,998.
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 91,264.	\$ 103,125.

COMPANY NAME Signal Peak Water Co.

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 10,175.	\$ 11,980.
460	Unmetered Water Revenue	30.	21.
474	Other Water Revenues	1,450.	
	<b>TOTAL REVENUES</b>	\$ 11,655.	\$ 12,001.
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water	5,305	6,193.
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services	1,514.	6,982.
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case	5,395.	
675	Miscellaneous Expense	334.	
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes	1,919.	436.
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 14,465.	\$ 13,610.
	<b>OPERATING INCOME/(LOSS)</b>	\$ (2,810)	\$ (1,609)
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 312	\$ 34.
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$	\$
	<b>NET INCOME/(LOSS)</b>	\$ (2,498)	\$ (1,575)



COMPANY NAME

Signal Peak Water Co.

**SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ \_\_\_\_\_

Meter Deposits Refunded During the Test Year

\$ \_\_\_\_\_

COMPANY NAME	Signal Peak Water Co.
Name of System	ADEQ Public Water System Number (if applicable)

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
	N/A	N/A	1300	12"	N/A	2004

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Arizona Water Co.		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A			

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
N/A			

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

COMPANY NAME	Signal Peak Water Co.
Name of System	ADEQ Public Water System Number (if applicable)

### WATER COMPANY PLANT DESCRIPTION (CONTINUED)

#### MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	5280
8		
10		
12		

#### CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	36
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

NONE

OTHER:

NONE

*Note: If you are filing for more than one system, please provide separate sheets for each system.*

<b>COMPANY NAME:</b> <u>Signal Peak Water Co.</u>
<b>Name of System</b> <span style="float: right;"><b>ADEQ Public Water System Number (if applicable)</b></span>

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006**

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	35	250200		
FEBRUARY	35	235800		
MARCH	35	279300		
APRIL	35	245200		
MAY	35	346500		
JUNE	35	353200		
JULY	35	367100		
AUGUST	35	356400		
SEPTEMBER	35	266000		
OCTOBER	34	322900		
NOVEMBER	34	282600		
DECEMBER	34	190200		
TOTALS →		3,495,400		

What is the level of arsenic for each well on your system? N/A mg/l  
*(If more than one well, please list each separately.)*

If system has fire hydrants, what is the fire flow requirement? N/A GPM for N/A hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
☒ Yes                      ( ) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
( ) Yes                      ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
( ) Yes                      ☒ No

If yes, provide the GPCPD amount: \_\_\_\_\_

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME Signal Peak Water CO. YEAR ENDING 12/31/2006

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2006 was: \$ \$537.10

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RECEIVED

VERIFICATION  
AND  
SWORN STATEMENT  
Taxes

APR 13 2007

AZ CORP COMM  
Director Utilities

VERIFICATION

STATE OF Arizona  
I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	<u>PIMA</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>J. Douglas ADcox</u>
COMPANY NAME	<u>SIGNAL PEAK WATER CO.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

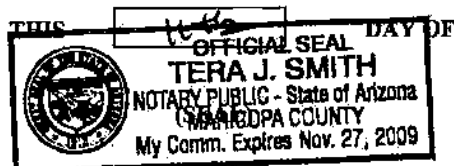
I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

[Signature]  
SIGNATURE OF OWNER OR OFFICIAL  
480-988-1461  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



COUNTY NAME	<u>Maricopa</u>
MONTH	<u>April</u>
	<u>2007</u>

[Signature]  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 9-27-2009

COMPANY NAME Signal Peak Water Co. YEAR ENDING 12/31/2006

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported \$ - 1575.00  
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported \_\_\_\_\_  
Estimated or Actual State Tax Liability 0

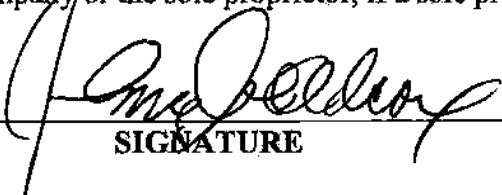
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company; or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

4/11/07  
DATE

J. Douglas Adcox  
PRINTED NAME

President  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

APR 13 2007

**VERIFICATION**

STATE OF Arizona  
I, THE UNDERSIGNED  
OF THE

AZ CORP COMM  
Director Utilities

COUNTY OF (COUNTY NAME) <u>Pinal</u>
NAME (OWNER OR OFFICIAL) TITLE <u>J. Douglas Adcox</u>
COMPANY NAME <u>Signal Peak Water Co.</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH <u>12</u>	DAY <u>31</u>	YEAR <u>2006</u>
--------------------	------------------	---------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 11981.00

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 772.96  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST  
INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

  
\_\_\_\_\_  
SIGNATURE OF OWNER OR OFFICIAL  
480-988-1401  
\_\_\_\_\_  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS**

**DAY OF**



COUNTY NAME <u>Maricopa</u>
MONTH <u>4/11/07</u>   <u>2007</u>

  
\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 11-27-09



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE**  
Intrastate Revenues Only

**RECEIVED**

APR 13 2007

AZ CORP COMM  
Director Utilities

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) <u>Pinal</u>	
NAME (OWNER OR OFFICIAL) <u>J. Douglas Adcox</u>	TITLE <u>President</u>
COMPANY NAME <u>Signal Peak water co.</u>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES  \$ <u>11,981.02</u>
--

THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 772.96  
IN SALES TAXES BILLED, OR COLLECTED)

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

*J. Douglas Adcox*  
SIGNATURE OF OWNER OR OFFICIAL  
480-988-1401  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** \_\_\_\_\_ **DAY OF**



**MY COMMISSION EXPIRES** 11-27-09

NOTARY PUBLIC NAME <u>TERA J. Smith</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH	<u>.20</u>

X *T. Smith*  
SIGNATURE OF NOTARY PUBLIC

03/21/07

**Signal Peak Water Co.**  
**Profit & Loss**  
 January through December 2006

	Jan - Dec '06
<b>Ordinary Income/Expense</b>	
Income	
410 · Water Service	11,980.54
411 · Fees	21.22
<b>Total Income</b>	12,001.76
Expense	
612 · Dues and Subscriptions	25.00
626 · Licenses and Permits	90.00
627 · Water Service Fee	2,844.39
6270 · Professional Fees	
6280 · Legal Fees	6,361.50
6650 · Accounting	390.00
<b>Total 6270 · Professional Fees</b>	6,751.50
629 · Water Charge	3,349.93
647 · Taxes	
650 · State	167.60
647 · Taxes - Other	268.55
<b>Total 647 · Taxes</b>	436.15
664 · Bank Service Charges	30.98
686 · Outside Services	58.00
690 · Interest Expense	
690.1 · Finance Charge	25.00
<b>Total 690 · Interest Expense</b>	25.00
<b>Total Expense</b>	13,610.95
<b>Net Ordinary Income</b>	-1,609.19
<b>Other Income/Expense</b>	
Other Income	
417 · Interest Income	34.14
<b>Total Other Income</b>	34.14
<b>Net Other Income</b>	34.14
<b>Net Income</b>	-1,575.05

03/21/07

**Signal Peak Water Co.**  
**Balance Sheet**  
 As of December 31, 2006

	<u>Dec 31, '06</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
106 - SPW Checking	2,508.42
107 - SPW Savings	<u>281.02</u>
<b>Total Checking/Savings</b>	2,789.44
<b>Accounts Receivable</b>	
120 - Accounts Receivable	<u>5,324.13</u>
<b>Total Accounts Receivable</b>	5,324.13
<b>Other Current Assets</b>	
Loan to STH	<u>5,500.00</u>
<b>Total Other Current Assets</b>	5,500.00
<b>Total Current Assets</b>	13,613.57
<b>Fixed Assets</b>	
164 - Equipment	111,906.85
188 - Accumulated Depreciation	<u>-22,394.85</u>
<b>Total Fixed Assets</b>	<u>89,512.00</u>
<b>TOTAL ASSETS</b>	<u><b>103,125.57</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
205 - Accounts Payable	<u>6,919.95</u>
<b>Total Accounts Payable</b>	6,919.95
<b>Other Current Liabilities</b>	
230 - Sales Tax Payable	772.96
240 - Customer Deposits	<u>2,435.00</u>
<b>Total Other Current Liabilities</b>	<u>3,207.96</u>
<b>Total Current Liabilities</b>	<u>10,127.91</u>
<b>Total Liabilities</b>	10,127.91
<b>Equity</b>	
300 - Opening Bal Equity	14.30
320 - Common Stock	50,000.00
380 - Additional Paid In Capital	141,365.24
390 - Retained Earnings	-96,806.83
Net Income	<u>-1,575.05</u>
<b>Total Equity</b>	<u>92,997.66</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>103,125.57</b></u>